

“ONE OUT OF FIVE”

A Report on Out of School & Out of Work Youth in Los Angeles and Long Beach

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Executive Summary (Final Draft)
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Education and employment among young adults should be a vital part of workforce development strategies. It is important to understand the extent to which young adults participate in these activities and identify subgroups of young adults who fail to acquire formal education or to access employment. The Workforce Investment Boards of the cities of Los Angeles and Long Beach commissioned this study in partnership with the U.S. Conference of Mayors. Paul Harrington, the Associate Director of the Center for Labor Market Studies, Northeastern University, Boston, Massachusetts, is the principal researcher of this study.

In this report, a thorough analysis is presented of the educational and employment activities of young adult residents of Los Angeles County including the cities of Los Angeles and Long Beach, and the remainder of Los Angeles County which includes the suburban communities surrounding these two cities. Also presented is a comparison of the educational and employment behaviors of young adult residents of these areas with that of their counterparts in the state and the nation.

The ages between 16 and 24—young adulthood—is typically the time to accumulate human capital in the form of educational attainment or work experience in the labor market. Individuals undertake these activities during young adulthood since the opportunity cost, particularly of seeking education, is lower during this period of their lives when they have not yet started a family and are therefore free from the responsibilities of supporting a family.

The value of human capital has increased sharply as the job content of the economy has changed in favor of jobs that require higher levels of formal educational attainment and more sophisticated skills. Education has become a prerequisite to success in today's labor markets. The changes that have occurred in the labor markets make it imperative that young adults engage in acquiring skills and human capital through formal education and labor market work experience. In today's labor markets, what workers “reap” over their working lives is even more strongly determined by what they “sow” during the young adult years of their lives. **When young adults work or go to school, the benefits extend beyond their personal lives to the economy and the society at large.**

Most of the analysis in this report is based on data from the 2000 decennial census, which provides information on the activities of individuals at the time of the census enumeration in the spring of 2000. The deterioration of the labor market after the 2001 recession and its impacts on youth employment and youth labor market problems are captured with data from the Current Population Survey (CPS) for 2000 and 2003.

Summary of Key Findings

The report provides a broad snapshot of the longer-term structural changes in the economic environment and the consequent increase in the demand for and the earnings premium of highly educated and skilled workers.

- ***One out of five 16-24 year olds in the City of Los Angeles is out of work. In the spring of 2000, 93,013 young adult residents of Los Angeles City representing 19.8 percent of the city's total young adult population were out of school and jobless—disconnected. In 2000, there were 4.6 million disconnected youth in the nation, 638,000 in California, and 11,500 in Long Beach city. Disconnected youth accounted for 14.3 percent of all young adults in the nation, 15.9 percent in California, and 19.4 percent in Long Beach.***
- ***Among young college graduates, the earnings of bachelor's degree holders were 66 percent higher than that of high school graduates; up from 15 percent in the early 1970s.***

Findings from analysis of the demographic characteristics, school enrollment, education, and employment activities of young adults (between the ages of 16 and 24) at the time of the 2000 decennial census demonstrate the impact of immigration.

- *This analysis begins with a description of the demographic characteristics of young adults. Because of the huge influx of immigrants during the 1990s decade, particularly in California and because of the sharp differences between the education and employment outcomes of foreign-born and native-born youth, a part of the demographics section of this report is focused on the role of immigration.*
- *Between 1990 and 2000, new immigrants accounted for 27.2 percent of the net population growth of Los Angeles city. In the absence of immigration, the city's population would have declined by 360,000 or 10 percent. Immigrants accounted for 40 percent of the population growth in the nation and 80 percent in California.*
- *Nativity and race-ethnic characteristics of the 471,000 young adults in Los Angeles city - immigrants 45%, Hispanic 59%, White 19%, Asian 10%, Black 9%.*
- *The nation's 31.9 million young adults had 13% immigrants and in California 29% of the 4 million young adults were immigrants.*

The next section focuses on the enrollment behavior of young adults with a separate discussion on the gap between school enrollment and educational attainment of young women and young men.

- *Young residents of Los Angeles city had a school enrollment rate of 52 percent, a rate of enrollment that was slightly lower than that of their counterparts residing in Long Beach city (55 percent) and considerably lower than that of youth residing in the surrounding suburban areas (58 percent) and the state (57 percent). The national school enrollment rate of young adults was 54 percent.*

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- *The school enrollment rate of young adults in Los Angeles city varied widely by race-ethnic origin and nativity status: Asians 72%, White 59% Black 57%, Hispanic 45%, foreign-born 42%, native-born 61%.*
- *There were sizable gender gaps in the school enrollment and education of young adults in Los Angeles. The gender gap grew wider along the educational ladder - total population: 98 women per 100 men; enrolled population: 106 women per 100 men; postsecondary enrollees: 122 women per 100 men; Associates degree holders: 132 women per 100 men; Bachelor's degree holders: 127 women per 100 men.*

The next two sections are focused on the educational attainment of young adults who were not enrolled in school, with a particular focus on high school dropouts.

- *Out-of-school youth in Los Angeles city and California were very likely to have dropped out of school without a high school diploma or a GED certificate. Percent of out-of-school youth who were dropouts: Los Angeles city 51%, California 40%, US 30%.*
- *The share of dropouts among out-of-school youth in Los Angeles city varied by gender, race, and nativity status - Males 54%, females 46%, foreign born 66%, native born 31%, Hispanic 65%, Black 37%, White 15%, Asian 12%.*

The employment rates of young adults are based on their employment status at the time of the decennial census survey—spring 2000. This section focuses on the employment of those young adults who were out of school during the spring of 2000.

- *Non-enrolled young adults in Los Angeles city and California were less likely to be employed than their counterparts in the nation: Los Angeles city 59%, California 63%, US 69%.*
- *A very close association existed between education and employment. Young adults with a higher level of education were considerably more likely to be employed. Youth employment also varied among other demographic groups. Men had higher employment rates than women. White and Asian youth were more likely to be employed than Hispanic and Black youth.*
- *Employment rates in Los Angeles city –*
 - *By educational attainment - high school dropouts 50%, high school graduate or GED 70%, Bachelor's degree or more 84%*
 - *By gender - male 66%, female 51%*
 - *By race-ethnicity - Black 49%, Hispanic 55%, Asian 68%, White 75%*

Early labor market experiences of young adults generate a number of strong positive impacts on short-term and long-term employment and earnings. Mixing school and work enhances the academic and work-based skills of young adults. The report presents the rates at which young adults mix work and school.

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- *About 19 percent of all young adults in Los Angeles mixed work and school in 2000 compared to 23 percent in California and one-quarter in the nation.*
- *The employment rate of school-going youth in Los Angeles city was 36 percent compared to 42 percent in California and 47 percent in the US.*
- *Employment rates among school-going youth varied sharply by their family income status. Youth from poor families were least likely to work. The employment rate of poor school-going youth in Los Angeles city was 25 percent; 18-percentage points lower than the employment rate of the city's school-going youth from families with income above three times the poverty line (42 percent).*

The final section of the 2000 census data analysis focuses on young adults who were not working and not attending school in 2000. These youth are disconnected from the two main institutions that engage most young adults. Disconnected young adults are at a considerable risk of a life of poverty and economic hardship.

- *The incidence of disconnected youth in Los Angeles city varied by gender and by race-ethnic origin of young adults – men 17%, women 22%, Hispanic, 25%, Black, 22%, White 10%, Asian 9%.*
- *Disconnected youth were disproportionately likely to be poorly educated. In Los Angeles city, the percentage distribution of disconnected youth by educational attainment – high school dropout 62%, high school graduate 24%, some college or Associate's degree 11%, Bachelor's degree or more 3%.*

The last section of the report contains an analysis of trends in key labor market outcomes of young adults in the nation, California, and Los Angeles County between 2000 and 2003.

- *The employment rates of young adults in Los Angeles county and California, particularly among teenagers, declined sharply between 2000 and 2003. Declines in job opportunities resulted in increased unemployment as well as increased labor force withdrawals among young adults.*
- *The employment rate of young adults in Los Angeles County declined by 4-percentage points from 51 percent in 2000 to 47 percent in 2003. The teen employment rate declined by 7-percentage points and the employment rate of older adults (25+) declined by 1.5-percentage points.*
- *The youth labor force participation rate declined by 3.2-percentage points between 2000 and 2003, compared to 0.4-percentage point decline among older adult workers. The largest labor force withdrawal occurred among teenagers—their labor force participation rate declined by 6.5-percentage points.*
- *The unemployment rate of young adult residents of Los Angeles County was 13.6 percent in 2003, up 2.2-percentage points since 2000 when the unemployment rate was 11.4 percent. The unemployment rate of older adults increased by 2.4-percentage points. Faced with a recession and a decline in employment opportunities, younger workers were much more likely to drop out of the labor force than to stay in and endure unemployment.*

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- *Another indicator of the labor market situation among young adults was the incidence of labor market problems among them. Individuals were classified as having labor market problems if they were unemployed, earned wages below the 4-person poverty line in a full-time job, working part-time involuntarily, or were not seeking work but wanted to work. In 2000, 38 percent of young adults in California had encountered one of the four labor market problems. In 2003, incidence increased to nearly 44 percent; an increase of 5.5-percentage points since 2000.*

Due to problems of comparability based on differences in sample design, survey methodology, and population benchmarks we could not update estimates of the number of disconnected youth in Los Angeles. However, our analysis of the youth labor markets clearly indicates that the labor market situation of young adults has deteriorated considerably since 2000. We can therefore infer that the number of disconnected youth in the city has increased since 2000.